

## Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 INR-05 INRE-00 SSO-00 EB-03 L-01

SP-02 PRS-01 /031 W  
----- 093685

O 251750Z MAR 75

FM AMEMBASSY ABIDJAN  
TO SECSTATE WASHDC IMMEDIATE 2600

CONFIDENTIAL SECTION 1 OF 2 ABIDJAN 2505

STADIS//////////

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AF/W FOR LOUGHAN FROM AMBASSADOR

E.O. 11652: KGDS  
TAGS: BEXP, IV  
SUBJECT: LANG AFRIQUE CONFLICT WITH SODESUCRE

1. LANG AFRIQUE/SODESUCRE CONFLICT OVER SETTLEMENT  
OF OUTSTANDING FINANCIAL CLAIMS HAS APPARENTLY REACHED  
A CRITICAL MASS STAGE. LANG/ISC REPS STEIN AND  
HOFKER SPENT THE LAST WEEK IN FUTILE EFFORT TO RESOLVE  
PROBLEMS. ACCORDING TO LOCAL LANG REP, SODESUCRE  
D.G. KIGBAFORY, NOT AT ALL RECEPTIVE TO LANG'S  
REQUESTS AND LANG/ISC NOW PLAN TO GO TO ARBITRATION  
IN GENEVA ON MANY OF OUTSTANDING ISSUES.

2. THIS ALONE IS DISTURBING. HOWEVER, THE  
CONJUNCTURE OF TWO ADDITIONAL ELEMENTS CAUSES ME  
EVEN GREATER CONCERN. MIN PLAN DIAWARA AND MIN  
AG SAWADOGO HAVE CONTACTED DAVID MORSE AND  
ASKED HIS GOOD OFFICES TO MEDIATE THE DISPUTE. DAVID HAS  
AGREED, SUBJECT TO DIAWARA/SAWADOGO LANG AND ISC  
APPROVAL OF HIS SPECIFIC PLAN, TO SEND OUT A "FACT-FINDER"  
WHO IS DUE HERE LATER THIS WEEK, TO COLLECT VIEWS FROM  
GOIC, SODESUCRE, LANG AND ISC; TO STUDY RESULTS  
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OF THAT MISSION; AND TO RECOMMEND SOLUTIONS; FAILING

AGREEMENT, PARTIES TO CONTRACT WOULD GO TO GENEVA  
ARBITRATION.

3. LANG AFRIQUE, WITH FULL KNOWLEDGE OF THE DIAWARA/  
SAWADOGO INITIATIVE, IS ATTEMPTING TO SPEED FORMAL  
SODESUCRE ACCEPTANCE OF THE COMPLETED PORTIONS OF  
THE FERKESSEDOUGOU SUGAR COMPLEX IN ORDER TO  
RECEIVE RETENTION MONIES. LANG EMPLOYEES AT THE  
FERKESSEDOUGOU SITE HAVE TODAY (MARCH 25) BEEN  
INSTRUCTED TO TURN OFF PORTIONS OF THE IRRIGATION SYSTEM  
ON A PARCEL BY PARCEL BASIS UNTIL ACCEPTANCE  
TESTING IS COMPLETED AND SODESUCRE HAS SIGNED FOR  
RECEIPT. SODESUCRE HAS BEEN SO ADVISED IN WRITING.  
THIS ACTION RISKS JEOPARDIZING THE MORSE/DIAWARA/  
SAWADOGO EFFORT TO SETTLE MORE GENERAL FINANCIAL  
PROBLEMS BETWEEN LANG AND SODESUCRE, AND COULD  
LEAD TO ACTION BY SODESUCRE TO PREVENT LANG PERSONNEL  
FROM WITHHOLDING PARTS OF THE IRRIGATION SYSTEM IN THE  
REMAINING CRTICAL WEEKS BEFORE THE RAINS.

4. FOR YOUR BACKGROUND:

A. PORTIONS OF THE IRRIGATION SYSTEM AND SUGAR  
REFINERY HAVE BEEN PUT IN SERVICE AS THEY HAVE BEEN  
COMPLETED TO PERMIT SODESUCRE TO PLANT AND PREPARE  
A CROP OF CANE FOR THE 1975-6 SEASON. THESE PORTIONS  
HAVE NEVER BEEN TESTED AND FORMALLY ACCEPTED BY  
SODESUCRE; THEREFORE, NO RETENTION MONIES HAVE  
BEEN PAID TO LANG.

B. LANG AND ISC OFFICIALS HAVE BEEN ATTEMPTING TO EXPEDITE  
PAYMENT OF SOME RETENTION MONIES THROUGH A SERIES OF  
SEPARATE MEETINGS WITH SODESUCRE DIRECTOR GENERAL  
KIGBAFORY AND PRESIDENT KACOU AOULOU. IN LAST JOINT  
MEETING ON MARCH 21, BOTH KIGBAFORY AND KACOU  
REPORTEDLY TOOK HARD LINE OF REFUSAL TO DISCUSS RETENTION  
MONIES UNTIL ENTIRE INSTALLATION COMPLETE AND FINAL  
ACCEPTANCE EXECUTED.

C. LANG'S REACTION TO THE SODESUCRE POSITION IS A  
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STRICT INTERPRETATION OF THE CONTRACT WHICH DOES NOT  
PERMIT USE OF COMPLETED FACILITIES UNTIL SODESUCRE'S  
FINAL ACCEPTANCE. TO IMPLEMENT THIS DECISION, LANG  
WILL BEGIN THE WITHHOLDING ACTION UNTIL SODESUCRE  
FINALLY ACCEPTS THEM, THEREBY INCURRING CONTRACTUAL  
OBLIGATION TO PAY PART OF RETENTION MONIES. THE  
CURRENT STAND OF SUGAR CANE WOULD LIKELY BE DAMAGED  
IF IRRIGATION WERE INTERRUPTED FOR A PROLONGED PERIOD.

D. IN INSTRUCTIONS TO LANG-FERKE PERSONNEL TO EXECUTE PARA C ABOVE, LANG-ABIDJAN HAS INSTRUCTED THAT THERE BE NO PHYSICAL VIOLENCE IN EVENT SODESUCRE DECIDES TO TAKE ACTION TO PREVENT LANG FROM "TURNING OFF THE WATER."

5. ON THE EVENING OF MARCH 24, I RELAYED ESSENTIAL POINTS OF THE SITUATION TO DAVID MORSE BY PHONE IN THE HOPE THAT HE COULD CONTACT KENNEALY OF ISC IN TIME TO CANCEL HARLAN STEIN'S DIRZCTIVE TO WITHHOLD THE IRRIGATION SYSTEM. AT AN EVENING RECEPTION I ALSO HAD THE OCCASIONTO EXPRESS MY CONCERN ABOUT LANG/ SODESUCRE DEBACLE TO MINISTER DIAWARA.

6. DURING THE NIGHT MARCH 24-25 LANG-ABIDJAN RECEIVED A CABLE FROM THEIR CORAL GABLES HEADQUARTERS TELLING THEM TO PROCEED WITH THE PLAN. WE ARE NOT YET AWARE OF SODESUCRE'S REACTION TO LANG'S MOVE.

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 INR-05 INRE-00 SSO-00 EB-03 L-01

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----- 094092  
O 251750Z MAR 75  
FM AMEMBASSY ABIDJAN  
TO SECSTATE WASHDC IMMEDIATE 2601

C O N F I D E N T I A L SECTION 2 OF 2 ABIDJAN 2505

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7. COMMENT: I FIND LANG'S BEHAVIOR ILL-ADVISED AND PARTICULARLY ILL-TIMED IN VIEW OF THE FACT THAT DIAWARA IS SEEKING AN AMICABLE SOLUTION TO THE ENTIRE PROBLEM WHICH FROM LANG'S PERSPECTIVE IS ON THE ORDER OF DOLLARS 8 MILLION. EVEN IF THE CURRENT STRATEGY

YIELDS THE PAYMENT OF SOME RETENTION MONIES,  
THERE WILL STILL REMAIN MANY OTHER POINTS OF  
CONTENTION TO BE RESOLVED IN A MUCH LESS FAVORABLE  
ATMOSPHERE. (TOTAL RETENTION MONIES ON THE  
IRRIGATION SYSTEM ARE ONLY DOLLARS 150,000). IO  
HOPE THAT DAVID MORSE WILL BE ABLE TO CONVINCE  
KENNEALY TO RESCINNED THE "CUT THE WATER" ORDER  
UNTIL SUCH TIME AS MORSE'S SURROGATE HASK BEEN  
ABLE TO ASSESS THE SITUATION AND PRESENT  
RECOMMENDATIONS. THERE ARE, OF COURSE, A NUMBER  
OF UNANSWERED QUESTIONS: WHY DID DIAWARA/SAWADOGO  
PERMIT (OR WERE UNABLE TO PREVENT) THE HARD LINE  
SODESUCRE STANCE? WHY DID LANG GO AHEAD WITH  
ITS PRECIPITOUS ACTION KNOWING OF THE DIAWARA/  
SAWADOGO MEDIATION EFFORTS? WE SHALL OF COURSE  
FOLLOW THE MATER CLOSELY AND KEEP YOU INFORMED.  
FOR THE PRESENT, HOWEVER, I SEE LITTLE THAT THE  
DEPARTMENT CAN DO AND RECOMMEND A SIT TIGHT  
ATTITUDE WHILE WE WATCH DEVELOPMENTS AT THIS END. SMITH  
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